

**ASCOTT**  
RESIDENCE  
TRUST

A Member of CapitaLand

# Ascott Residence Trust

## A Leading Global Serviced Residence REIT

Rights Issue, Acquisition of Ascott Orchard Singapore ("AOS") and Proposed Acquisition Of Interests In Two Serviced Residence Properties in Germany ("Germany Acquisitions")

6 March 2017



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- Transaction Overview
- Transaction Rationale and Benefits
- Financial Effects of the Transactions
- Indicative Timetable
- Conclusion



# Transaction Overview

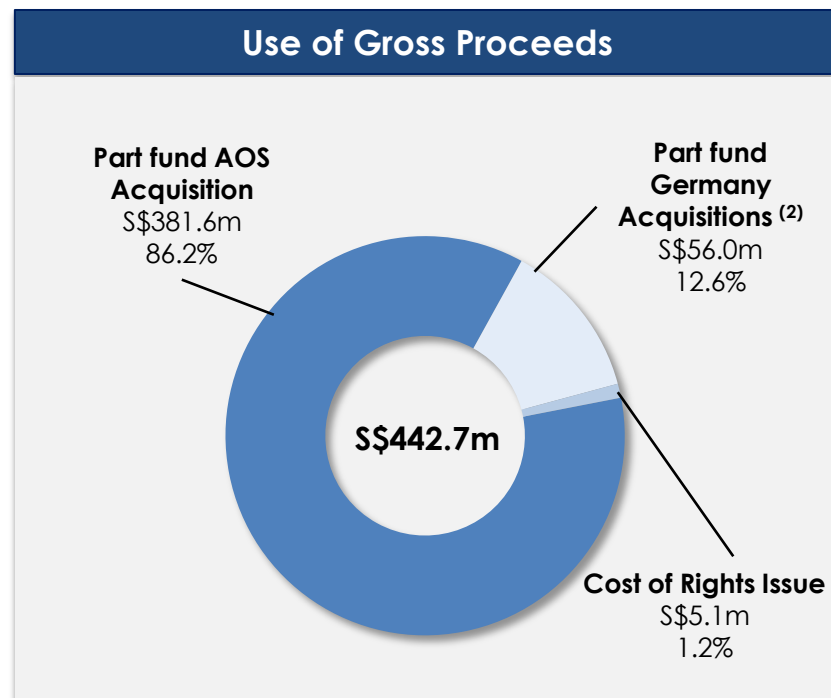
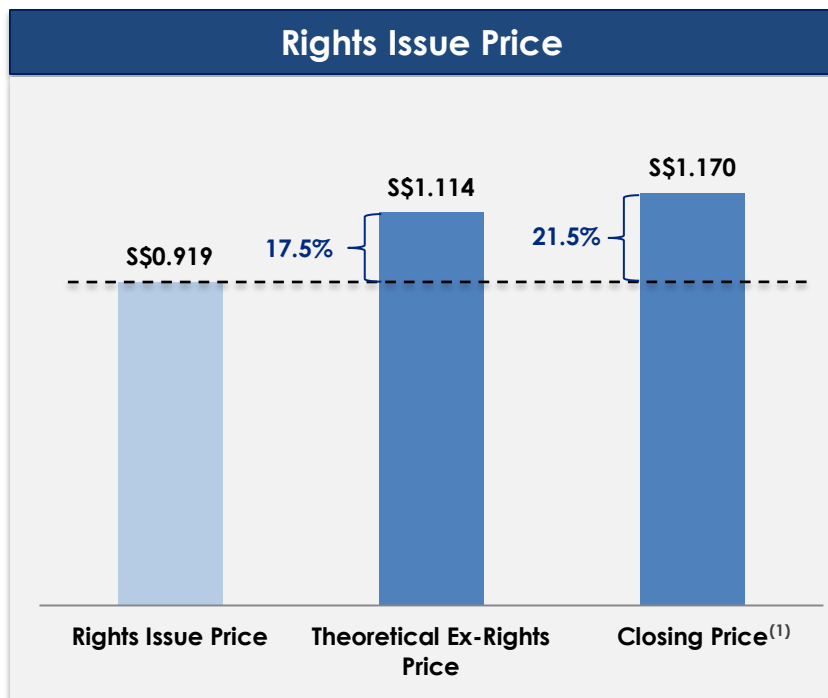


Ascott Raffles Place Singapore

# Details of the Rights Issue

Fully underwritten renounceable Rights Issue to raise gross proceeds of S\$442.7 million

- Rights ratio of 29 Rights Units for every 100 Existing Units
- Irrevocable undertaking by Ascott REIT's Sponsor, The Ascott Limited ("**Ascott**"), to subscribe fully for its pro rata rights entitlement, aggregating c.44.16% of the Rights Issue
- Remaining rights are underwritten by BNP Paribas, acting through its Singapore branch, and DBS Bank Ltd



Notes:

- (1) Based on the closing price of S\$1.170 per Unit on the SGX-ST on 6 March 2017, being the last trading day of the Units prior to the announcement of the Rights Issue
- (2) Germany Acquisitions are subject to Unitholders' approval at an extraordinary general meeting ("EGM") to be convened

# AOS Acquisition<sup>(1)</sup>

## Ascott Orchard Singapore

<b>Location</b>	11 Cairnhill Road, Singapore 229724 22 Bideford Road, Singapore 229923	 <p>Ascott Orchard Singapore</p>
<b>Land Tenure</b>	Approximately 96 years remaining, expiring on 11 May 2113	
<b>Gross Floor Area</b>	17,333 sq m	
<b>Description</b>	<ul style="list-style-type: none"> <li>Completed redevelopment in end 2016</li> <li>20-storey, 220 units</li> <li>Located along Orchard Road, Singapore's shopping belt</li> <li>Walking distance from Orchard and Somerset Mass Rapid Transit ("MRT") Stations</li> </ul>	
<b>Year of Opening</b>	December 2016	
<b>Appraised Value<sup>(2)</sup></b>	S\$405.0 million	
<b>Purchase Consideration</b>	S\$405.0 million	
<b>Proposed Master Lessee</b>	Ascott and/or its subsidiary	
<b>Expected EBITDA Yield</b>	4.5% <sup>(3)</sup>	
<b>Lease Terms</b>	<ul style="list-style-type: none"> <li>Fixed lease rental of S\$13.2 million p.a. + variable lease rental at 85% of net operating income</li> <li>Minimum of 5 years and renewable for another 5 years<sup>(4)</sup></li> </ul>	
<b>Method of Financing</b>	Net proceeds from the Rights Issue	

Notes:

- (1) The AOS Acquisition had previously been approved by Unitholders at an EGM held on 27 July 2012
- (2) Based on the average of two independent valuations by HVS Singapore (SG & R Singapore Pte Ltd) and Colliers International Consultancy & Valuation (Singapore) Pte Ltd as at 15 May 2012
- (3) Based on Ascott REIT's Circular to Unitholders dated 9 July 2012
- (4) Upon mutual agreement of the parties

# Proposed Germany Acquisitions<sup>(1)</sup>

## Citadines Michel Hamburg

<b>Location</b>	Ludwig-Erhard-Straße 7 20459 Hamburg, Germany	 <i>Citadines Michel Hamburg</i>
<b>Land Tenure</b>	99-year leasehold, starting from 2012	
<b>Gross Floor Area</b>	6,577 sq m	
<b>Description</b>	<ul style="list-style-type: none"> <li>Located in the heart of Hamburg's business district with close proximity to the St Michael's Church, city's busy port on Elbe River and major trade fair venue, Hamburg Messe</li> <li>HafenCity, a newly developed district for working, living and shopping, and Reeperbahn, the city's most popular nightlife district, are also in the vicinity</li> </ul>	
<b>Year of Opening</b>	2014	
<b>Appraised Value<sup>(2)</sup></b>	€31.3 million (equivalent to S\$46.5 million) <sup>(6)</sup>	
<b>Agreed Property Value</b>	€31.2 million (equivalent to S\$46.4 million) <sup>(6)</sup>	
<b>Purchase Consideration<sup>(3)</sup></b>	€29.7 million (equivalent to S\$44.1 million) <sup>(6)</sup>	
<b>Proposed Master Lessee</b>	Ascott and/or its subsidiary	
<b>Pro Forma FY2016 EBITDA Yield</b>	5.4%	
<b>Lease Terms<sup>(4)</sup></b>	<ul style="list-style-type: none"> <li>Fixed lease rental of €1.7 million p.a.</li> <li>Term of 15 + 5 years<sup>(5)</sup></li> </ul>	
<b>Method of Financing</b>	Net proceeds from the Rights Issue and debt	

Notes:

- (1) Based on an effective interest of 93% in Citadines Michel Hamburg; Germany Acquisitions will be subject to Unitholders' approval at an EGM to be convened
- (2) Based on the average of two independent valuations by Cushman & Wakefield VHS Pte. Ltd. and CBRE Pte. Ltd. as at 15 January 2017
- (3) Purchase Consideration takes into account 93% of the Agreed Property Value
- (4) The lease rental will be revised commencing from the second full operating year of the term based on the change in the consumer price indices published by the Federal Statistical Office of Germany as compared to the consumer price indices published at the last adjustment or the commencement of the term (for the first adjustment)
- (5) The Master Lessee has the right to extend the term of the lease by another five years
- (6) FX rate of €1.00 = S\$1.4861



# Proposed Germany Acquisitions<sup>(1)</sup>

## Citadines City Centre Frankfurt

<b>Location</b>	Europa-Allee 23 60327 Frankfurt am Main, Germany	 Citadines City Centre Frankfurt
<b>Land Tenure</b>	Freehold	
<b>Gross Floor Area</b>	8,499 sq m	
<b>Description</b>	<ul style="list-style-type: none"> <li>• Located at Europaviertel, a district across the renowned Messe Frankfurt Trade Fair area with close proximity to Frankfurt Central Railway Station</li> <li>• Surrounded by retail and commercial developments including the Messturm office tower, Skyline Plaza shopping mall and congress center Kap Europa</li> </ul>	
<b>Year of Opening</b>	2014	
<b>Appraised Value<sup>(2)</sup></b>	€37.7 million (equivalent to S\$56.0 million) <sup>(6)</sup>	
<b>Agreed Property Value</b>	€37.4 million (equivalent to S\$55.6 million) <sup>(6)</sup>	
<b>Purchase Consideration<sup>(3)</sup></b>	€35.7 million (equivalent to S\$53.1 million) <sup>(6)</sup>	
<b>Proposed Master Lessee</b>	Ascott and/or its subsidiary	
<b>Pro Forma FY2016 EBITDA Yield</b>	5.4%	
<b>Lease Terms<sup>(4)</sup></b>	<ul style="list-style-type: none"> <li>• Fixed lease rental of €2.0 million p.a.</li> <li>• Term of 15 + 5 years<sup>(5)</sup></li> </ul>	
<b>Method of Financing</b>	Net proceeds from the Rights Issue and debt	

Notes:

- (1) Based on an effective interest of 93% in Citadines City Centre Frankfurt; Germany Acquisitions will be subject to Unitholders' approval at an EGM to be convened
- (2) Based on the average of two independent valuations by Cushman & Wakefield VHS Pte. Ltd. and CBRE Pte. Ltd. as at 15 January 2017
- (3) Purchase Consideration takes into account 93% of the Agreed Property Value
- (4) The lease rental will be revised commencing from the second full operating year of the term based on the change in the consumer price indices published by the Federal Statistical Office of Germany as compared to the consumer price indices published at the last adjustment or the commencement of the term (for the first adjustment)
- (5) The Master Lessee has the right to extend the term of the lease by another five years
- (6) FX rate of €1.00 = S\$1.4861



# Transaction Rationale and Benefits

Citadines Mount Sophia

Capital Commercial Trust

Owns 10 quality commercial properties in Singapore with Green awards

For more contact Kingsmen-Ophimedia at 6880 6273. For advertising



# Rationale and Key Benefits

## Key Rationale

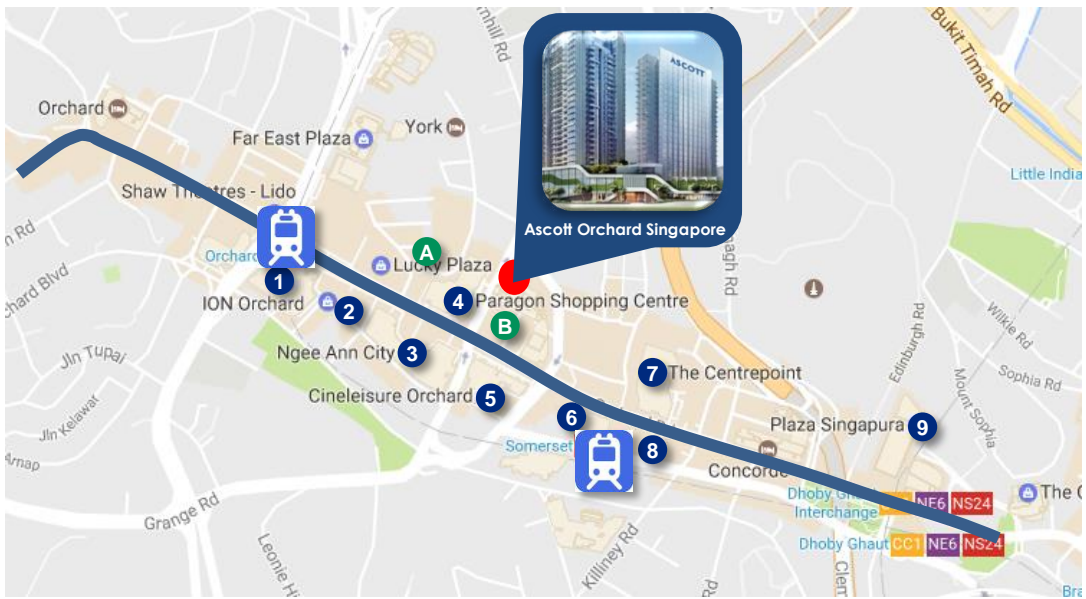
- 1 Quality assets in prime locations in Singapore and Germany
- 2 Enhance income stability with new master leases
- 3 Increase diversification of Ascott REIT's portfolio
- 4 Strengthen balance sheet and increase debt headroom
- 5 Increase scale and liquidity of Ascott REIT

# Rationale and Key Benefits

## 1. Quality asset in prime location in Singapore

### AOS – Strategically located in the heart of Orchard shopping belt

- **Leisure:** Located along the Orchard Road, the major tourist attraction and retail and entertainment hub
- **Medical Tourism:** Close proximity to various premium hospitals and medical centres
- **Expatriates / Business Travellers:** Walking distance from Orchard and Somerset MRT Stations



#### Orchard Shopping Belt - Key Shopping Malls

- 1 ION Orchard Mall
- 2 Wisma Atria
- 3 Ngee Ann City
- 4 Paragon Shopping Centre
- 5 Cineleisure Orchard
- 6 313@Somerset
- 7 The Centrepoint
- 8 Orchard Central
- 9 Plaza Singapura

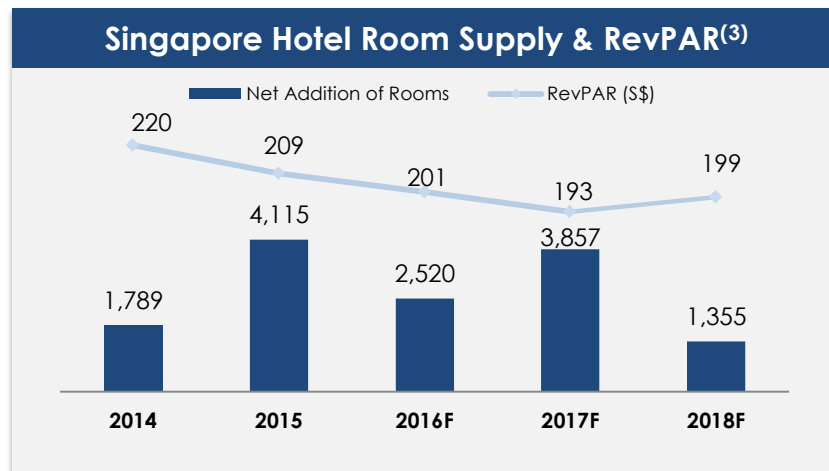
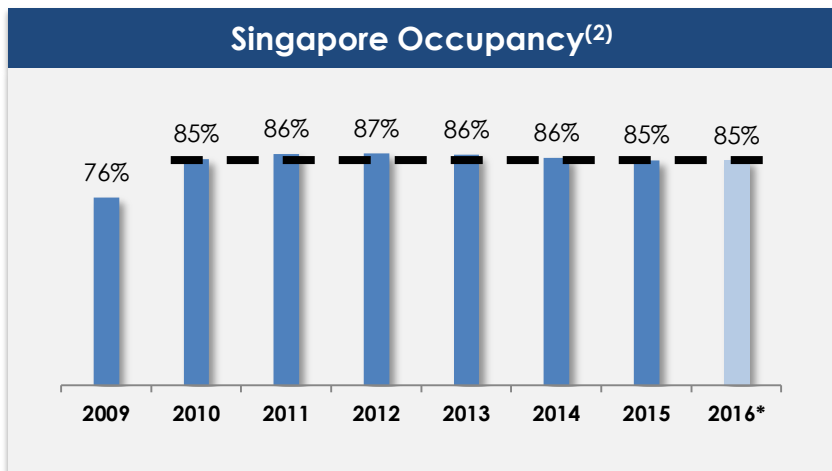
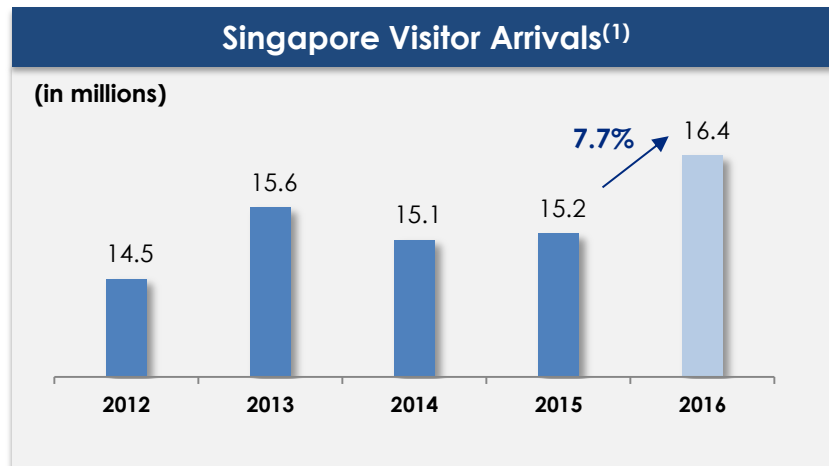
#### Premium Hospitals & Medical Centres

- A Mount Elizabeth Hospital
- B Paragon Medical Centre

# Rationale and Key Benefits

## 1. Quality asset in prime location in Singapore (cont'd)

- Singapore's tourism hit a historic high in 2016
  - Visitor arrivals grew 7.7% to 16.4 million in 2016, driven by Singapore Tourism Board's ("STB") marketing efforts in key markets
  - Tourist spending reached a record high of S\$24.8 billion in 2016
- Occupancy rates have been stable since 2010
- Singapore Revenue Per Available Room ("RevPAR") is expected to increase in 2018 when room supply reduces due to lack of new land released for hotel development



Notes: \*Occupancy in 2016 is derived using the average of the last 6 months in 2016

(1) Source: Singapore Tourism Board

(2) Source: Statistics Singapore

(3) Source: Historical room supply figures are from URA; Forecast room supply figures are from Section 10 of DBS Report (<https://researchwise.dbsresearch.com/ResearchManager/DownloadResearch.aspx?E=ceejfkfdhjg>); RevPAR figures are from STB



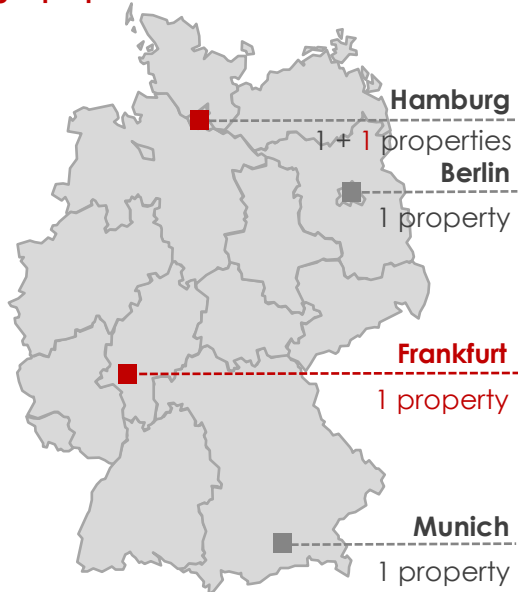
# Rationale and Key Benefits

## 1. Quality assets in prime locations in Germany

### The Germany Acquisitions will complement the existing properties in key gateway cities in Germany

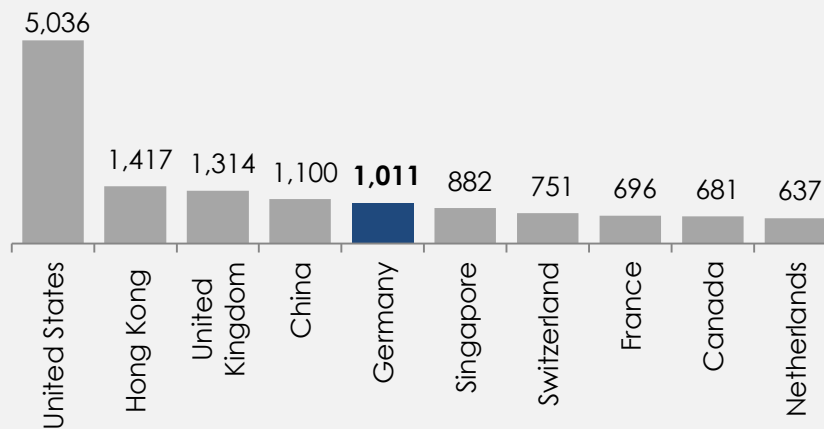
- Largest market in Europe by GDP<sup>(1)</sup> and consistently ranked as one of the most attractive destinations for foreign direct investment
- Existing properties in Germany exhibited stable and strong operational performance, with occupancy exceeding 80% for FY2016

- Existing Ascott REIT properties
- Target properties



### Inward Foreign Direct Investment in 2015<sup>(2)</sup>

(in € billions)



Notes:

(1) Source: Eurostat (<http://ec.europa.eu/eurostat>)

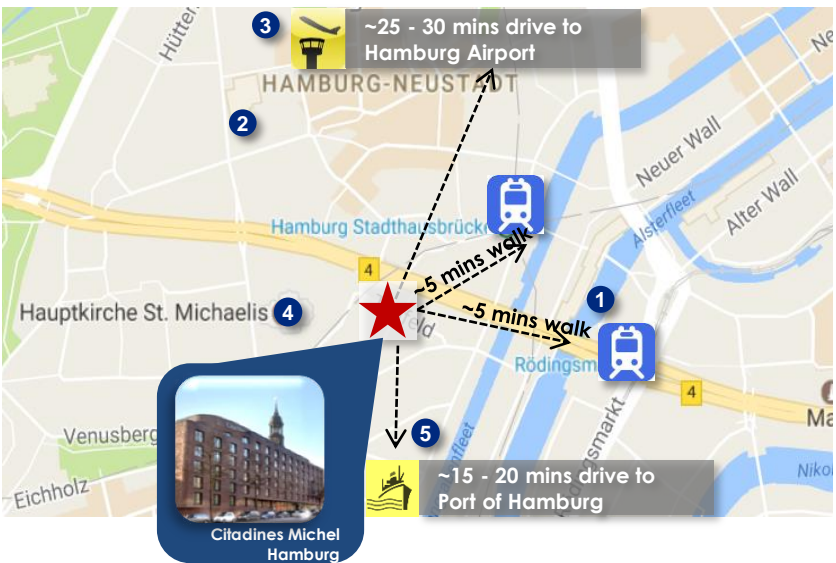
(2) Source: United Nations Conference on Trade and Development, 2016

# Rationale and Key Benefits

## 1. Quality assets in prime locations in Germany (cont'd)

### Citadines Michel Hamburg – Situated at Hamburg’s city center

- Located at the heart of Hamburg's business district, the property enjoys close proximity to the St Michael's Church, the city's busy port on Elbe River and major trade fair venue, Hamburg Messe
- HafenCity a newly developed district for working, living and shopping, and Reeperbahn, the city's most popular nightlife district, are also in the vicinity



Key Landmarks	
1	Rödingsmarkt Metro Station
2	Hamburg Messe Trade Fair
3	Hamburg Airport
4	St. Michael's Church
5	Port of Hamburg

# Rationale and Key Benefits

## 1. Quality assets in prime locations in Germany (cont'd)

### Hamburg – 2<sup>nd</sup> largest city in Germany

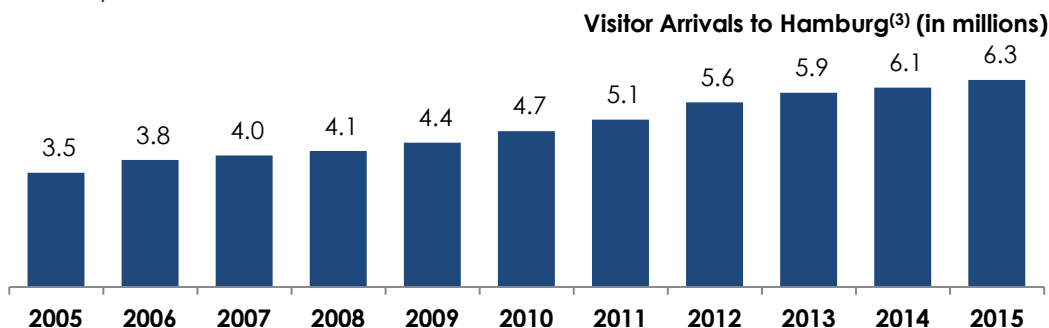
- Strategically located as a hub for international trade and Germany's gateway to the rest of the world, Hamburg is ranked second-best European city to invest after Berlin<sup>(1)</sup>
- Home to the third largest container port in Europe, the openness of port city continues to draw domestic and international investors
- Other key economic sectors include aviation, maritime technology, media and life sciences<sup>(2)</sup>
- Existing property, Madison Hamburg, exhibited stable and strong operational performance with occupancy of about 85% for FY2016
- Registered an average of 6.2% year-on-year growth over the past from 2005 – 2015



Port of Hamburg



A320 Family Final Assembly Line in Hamburg



Notes:

(1) Source: 2016 Emerging Trends in Real Estate report published by PricewaterhouseCoopers LLP and the Urban Land Institute

(2) Source: HWF Hamburg Business Development Corporation (<http://www.hamburg-economy.de>)

(3) Source: Tourismus, Hamburg



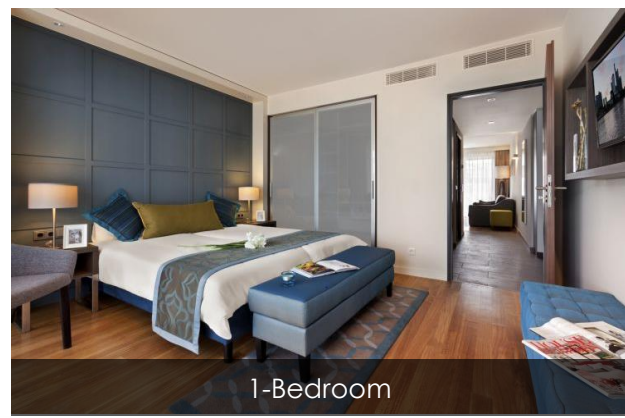
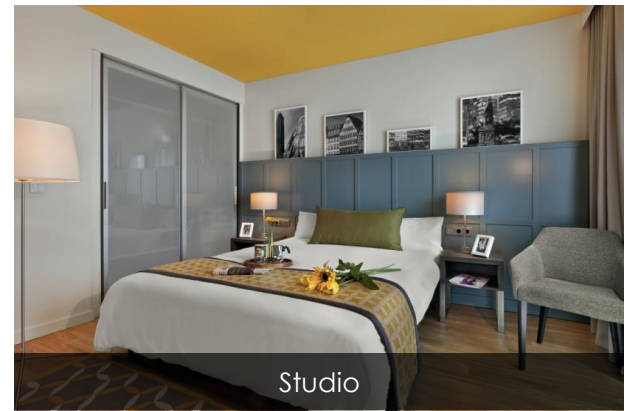
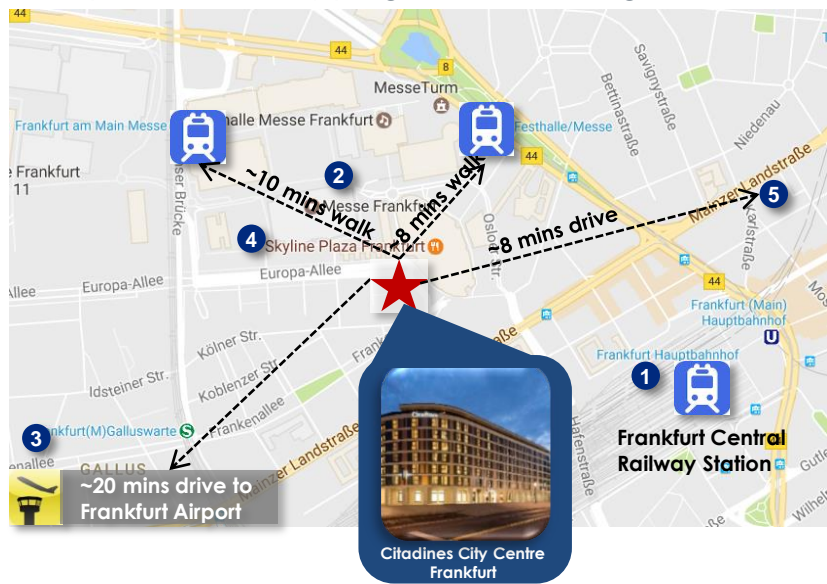


# Rationale and Key Benefits

## 1. Quality assets in prime locations in Germany (cont'd)

### Citadines City Centre Frankfurt – Situated between Exhibition Centre and Financial District

- Strategically located at Europaviertel, a district across the renowned Messe Frankfurt Trade Fair area and in close proximity to the Frankfurt Central Railway Station
- Surrounded by retail and commercial developments including the Messturm skyscraper office tower, Skyline Plaza shopping mall and congress center Kap Europa



#### Key Landmarks

- |   |                                   |
|---|-----------------------------------|
| 1 | Frankfurt Central Railway Station |
| 2 | Messe Frankfurt Trade Fair        |
| 3 | Frankfurt Airport                 |
| 4 | Skyline Plaza Shopping Mall       |
| 5 | Frankfurt Financial District      |



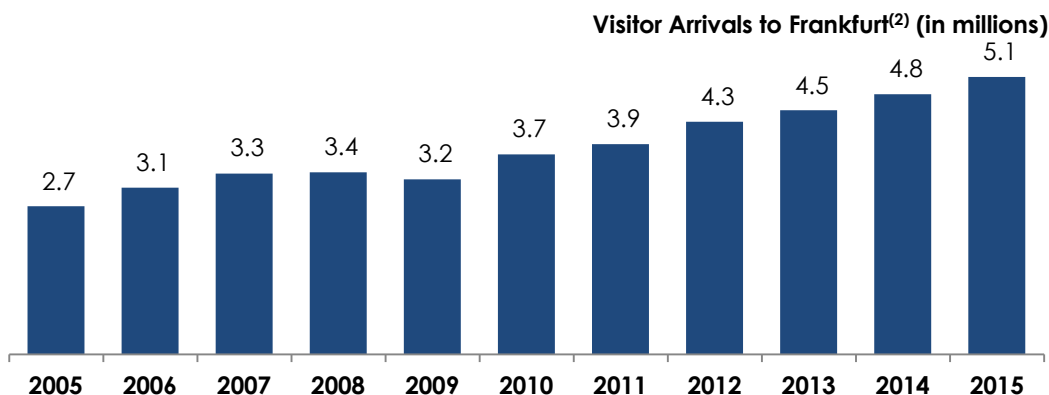
## 1. Quality assets in prime locations in Germany (cont'd)

### Frankfurt – Eurozone’s Financial Hub

- Frankfurt is Germany's 5<sup>th</sup> largest city and is the largest financial centre in continental Europe where the European Central Bank is headquartered
- Home to many other important sectors such as the creative industry, information technology, telecommunications, biotechnology and life sciences, logistics and manufacturing industry<sup>(1)</sup>
- One of Europe's leading cities for international and regional trade fairs, attracting millions of visitors each year
- Registered more than 5 million visitor arrivals in 2015 and an average of 6.5% year-on-year growth from 2005 – 2015



Skyline of Frankfurt City Centre



European Central Bank

Notes:

(1) Source: Frankfurt Economic Development GmbH ([http://www.frankfurt.de/sixcms/detail.php?id=stadtfrankfurt\\_eval01.c.125162.en](http://www.frankfurt.de/sixcms/detail.php?id=stadtfrankfurt_eval01.c.125162.en))

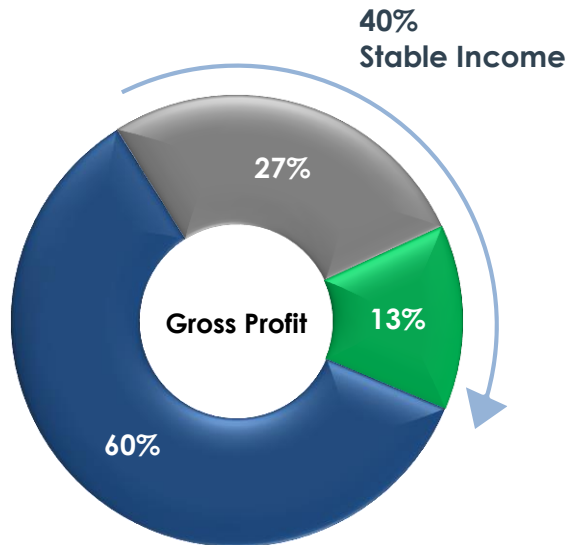
(2) Source: Tourismus, Congress GmbH Frankfurt am Main

# Rationale and Key Benefits

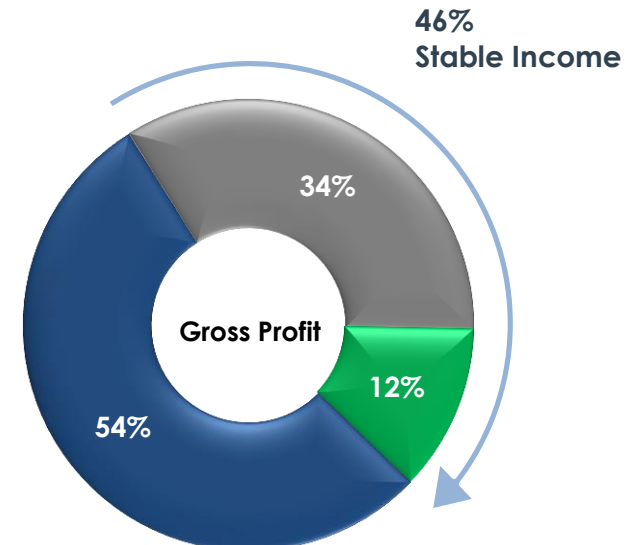
## 2. Enhance income stability with new master leases

Proportion of stable income will increase from 40% to 46%

For the year ended 31 December 2016



Post Rights Issue, AOS Acquisition and Germany Acquisitions



- Master Leases
- Management Contracts with Minimum Guaranteed Income
- Management Contracts

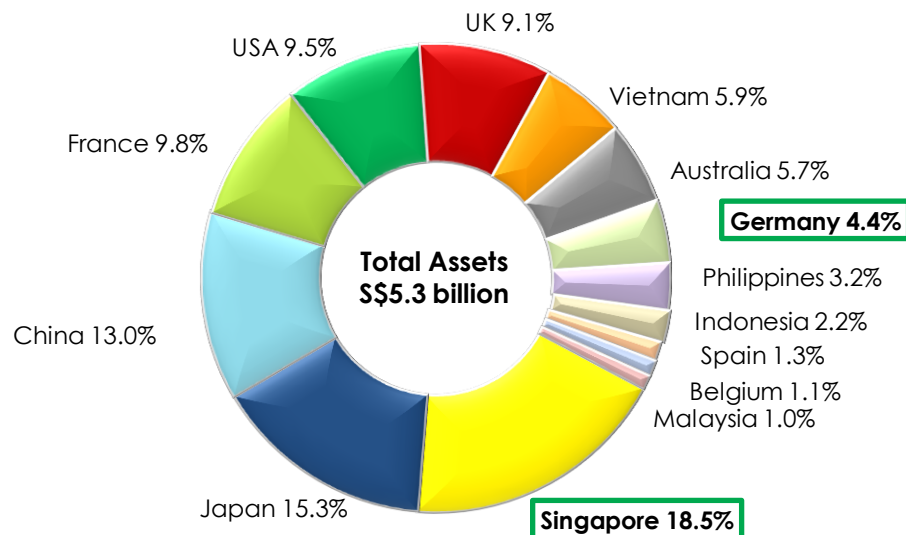
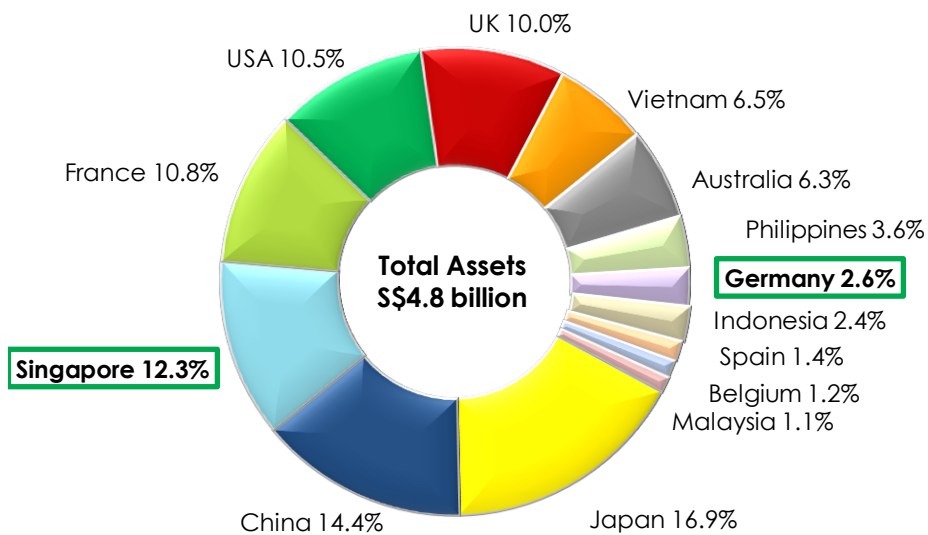
# Rationale and Key Benefits

## 3. Increase diversification of Ascott REIT's portfolio

Increase in portfolio size to S\$5.3 billion

As at 31 December 2016

Post Rights Issue, AOS Acquisition and Germany Acquisitions

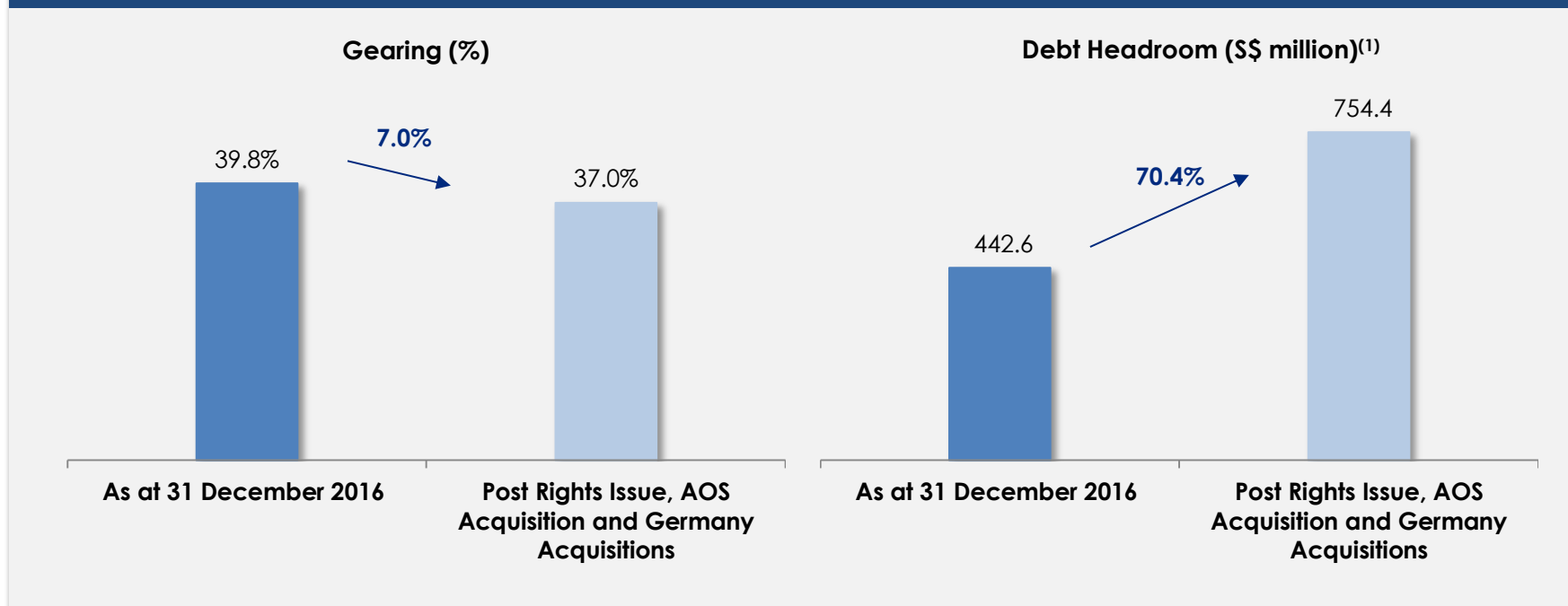


# Rationale and Key Benefits

## 4. Strengthen balance sheet and increase debt headroom

- Strengthen balance sheet position
- Proceeds are used primarily to part fund the AOS Acquisition and Germany Acquisitions, mitigating the DPU dilution impact from the Rights Issue
- Post-Transaction, Ascott REIT's gearing will reduce from 39.8% to 37.0%, and its debt headroom will increase from \$442.6 million to S\$754.4 million

### Strengthened Balance Sheet



Note:

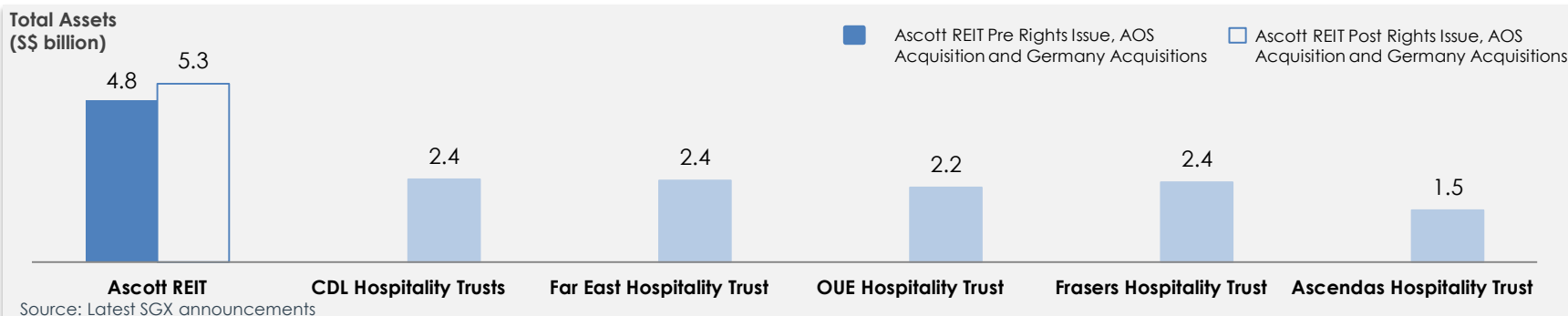
(1) Assumed 45% debt-to-asset ratio with the enlarged portfolio base post Rights Issue, AOS Acquisition and Germany Acquisitions



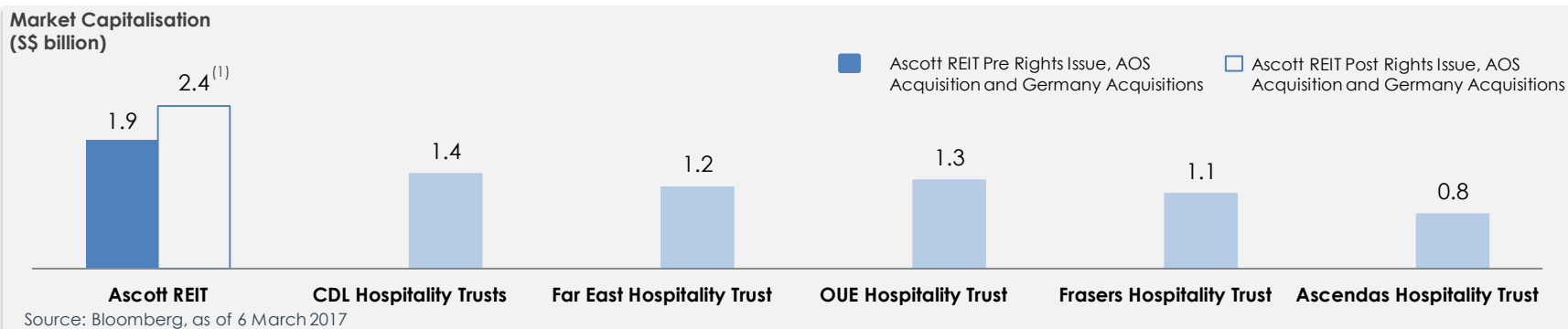
# Rationale and Key Benefits

## 5. Increase Scale and Liquidity of Ascott REIT

Ascott REIT's asset base will increase by 10.4% from S\$4.8 billion to S\$5.3 billion, which will be more than 2.0x larger than its closest peer



Increase market capitalisation to S\$2.4 billion<sup>(1)</sup> could further enhance trading liquidity and investor interest in Ascott REIT



Notes:

(1) Based on pro-forma Ascott REIT market capitalisation after the Rights Issue

# Financial Effects of the Transactions

Somerset Liang Court Singapore



# Financial Effects of the Transactions

## Pro Forma Financial Effects

	As of 31 December 2016	Post AOS Acquisition	Post AOS Acquisition and Germany Acquisitions
DPU (cents)	8.27 <sup>(1)</sup>	7.27 <sup>(2)</sup>	7.43
Net Asset Value per Unit (\$\$)	1.33	1.24	1.24
Gearing	39.8%	36.5%	37.0%

Notes:

(1) Based on the 2016 Audited Consolidated Financial Statements and number of Units in issue as at 31 December 2016

(2) Adjusted for the pro forma financial effects of the AOS Acquisition and the Rights Issue, as if they were completed on 1 January 2016



# Indicative Timetable

Ascott Raffles Place Singapore



# Indicative Timetable

## Important Dates and Times for the Rights Issue

Event	Date and Time
<b>Last day of “cum-rights” trading</b>	9 March 2017
<b>First day of “ex-rights” trading</b>	10 March 2017
<b>Rights Issue books closure date</b>	5:00PM on 14 March 2017
<b>Commencement of Rights Issue</b>	17 March 2017
<b>Commencement of trading of Rights Entitlements</b>	9:00AM on 17 March 2017
<b>Despatch of Offer Information Statement and Application Forms</b>	17 March 2017
<b>Close of trading of Rights Entitlements</b>	5:00PM on 27 March 2017
<b>Close of Rights Issue</b>	5:00PM on 31 March 2017
<b>Listing and commencement of trading of Rights Units on SGX-ST</b>	11 April 2017

# Indicative Timetable

## Important Dates and Times for the Germany Acquisitions EGM

**The Germany Acquisitions are subject to Unitholders' approval at an EGM**

Event	Date and Time
<b>Last date and time for lodgment of Proxy Forms</b>	17 April 2017, 11.30 a.m.
<b>Date and time of the Extraordinary General Meeting</b>	19 April 2017, 11.30 a.m.
<b>Place of Extraordinary General Meeting</b>	The Star Gallery, Level 3 The Star Performing Arts Centre 1 Vista Exchange Green Singapore 138617



**Conclusion**

## Ascott REIT's Rights Issue – Raising capital from a position of strength

- 1 The AOS Acquisition and the Germany Acquisitions will allow Ascott REIT to own quality assets in prime locations in Singapore and Germany
- 2 The Germany Acquisitions will deepen Ascott REIT's presence in Germany with greater economies of scale
- 3 Proportion of stable income will increase from 40% to 46%, enhancing income stability for the REIT
- 4 The Rights Issue will strengthen Ascott REIT's balance sheet position and increase its debt headroom from S\$442.6 million to S\$754.4 million
- 5 Post Rights Issue, AOS Acquisition and Germany Acquisitions, an expected increase of Ascott REIT's market capitalisation to S\$2.4 billion could further enhance trading liquidity and investor interest in Ascott REIT